DESCRIPTION OF H.R. 2470

ESTABLISHMENT OF CRIME VICTIMS' COMPENSATION TRUST FUND AND DEDICATION OF REVENUES FROM THE EXCISE TAX ON PISTOLS AND REVOLVERS

Scheduled for a Field Hearing

(Chicago, Illinois)

Before the

Subcommittee on Select Revenue Measures

of the

Committee on Ways and Means

on April 18, 1983

Prepared by the Staff

of the

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INTRODUCTION

The Ways and Means Subcommittee on Select Revenue Measures has scheduled a field hearing in Chicago on April 18, 1983, on H.R. 2470 (introduced by Mr. Russo), which has been referred jointly to the Committee on the Judiciary and the Committee on Ways and Means. This bill would provide for establishment of a new trust fund and the transfer to the trust fund of revenues from the existing 10-percent excise tax on handguns (pistols and revolvers). Expenditures from the trust fund would be for compensation of crime victims.

The first part of this document is a brief summary of the bill. This is followed in the second part with a description of the provisions of the bill, including present law, issues, effective date, and estimated revenue effect.

I. SUMMARY

Under present law, a 10-percent manufacturers excise tax is imposed on the sale of pistols and revolvers (handguns). Revenues from this tax, along with revenues from excise taxes on other firearms, ammunition, and bows and arrows, are dedicated to the Federal Aid to Wildlife Restoration Fund for distribution to States to defray costs incurred by them in wildlife restoration and management projects.

The bill would establish a new trust fund, the Crime Victims' Compensation Trust Fund, to be financed by revenues from the present 10-percent excise tax on pistols and revolvers. The bill would be effective with respect to taxes imposed after the date of its enactment.

II. DESCRIPTION OF THE BILL

Present Law

Imposition of tax

An excise tax is imposed on the sale of pistols and revolvers by a manufacturer or importer (Code sec. 4181). The tax is equal to 10 percent of the sales price.

A separate excise tax is imposed on the manufacture or importation of other types of "regular" firearms (i.e., rifles and shotguns) and shells and cartridges at an 11 percent rate (sec. 4181). Additionally, a making tax of $200 per firearm and occupational and transfer taxes are imposed[1] with respect to certain "non-regular" firearms (sec. 5811). Non-regular firearms are defined as machine guns, short-barrelled shotguns, bombs, grenades, mines, and certain concealable weapons.

Exemptions from the tax on pistols and revolvers are provided for such weapons that have been subject to the making tax on non-regular firearms and for weapons sold to the military (sec. 4182).

Dedication of revenues

Revenues received from the 10-percent tax on pistols and revolvers are deposited in the Federal Aid to Wildlife Restoration Fund, and are authorized to be appropriated to the States in partial reimbursement of the costs they incur in various wildlife restoration and management projects.[2]

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[1] The occupational taxes are $500 per year for manufacturers and importers and $200 per year for dealers. The transfer tax is generally $200 per transfer, but is limited to $5 per transfer for certain concealable weapons.

[2] Revenues from the excise tax on other regular firearms and ammunition and from an 11-percent excise tax on bows and arrows (and accessories) are also deposited in this Fund (16 U.S.C. 669 et seq.)

The Fund was established in the Act of September 2, 1937 ("Pittman-Robertson" Act), which provided that amounts equivalent to the excise taxes on sporting arms and ammunition be deposited in the Fund. The Federal Aid to Wildlife Restoration Act Amendments of 1970 (P.L. 91-503) provided for the deposit of amounts equivalent to the tax on pistols and revolvers (beginning in fiscal year 1971). Public Law 92-558 (as amended by P.L. 93-313) added provisions for the deposit of amounts equivalent to the tax on bows and arrows (and accessories), beginning in fiscal year 1975.

The term wildlife restoration project is defined to include the selection, restoration, rehabilitation, and improvement of areas of land or water adaptable as feeding, resting, or breeding places for wildlife. Monies in the Fund may be used for acquisition of areas suitable (or capable of being made suitable) for those uses and for necessary construction to make the areas available for such purposes as well as for research into problems of wildlife management. A portion of the monies are also available for administration of the Migratory Bird Conservation Act and for development of hunter training programs and target ranges.

Revenues from numerous other excise taxes are presently dedicated to one or more special funds. These funds (and a partial list of the taxes dedicated to each) include the Airport and Airway Trust Fund (air passenger ticket and freight waybill taxes), the Highway Trust Fund (highway gasoline and diesel fuels and truck use taxes), the hazardous waste superfunds (chemicals and crude oil taxes), the Land and Water Conservation Fund (taxes on motorboat fuels), and the Dingell-Johnson Fund (fishing equipment taxes).

Issues

The primary issue is whether a new trust fund, funded with revenues from the present excise tax on pistols and revolvers, should be established to compensate crime victims.

Another issue is for what types of crimes, under what circumstances, and in what amounts should crime victims be compensated from the Trust Fund.

Explanation of the Bill

The bill would establish a new trust fund, the Crime Victims' Compensation Trust Fund, in the Treasury. The new Trust Fund would be financed with revenues received from the present 10-percent excise tax on pistols and revolvers. Thus, these revenues would no longer be deposited in the Federal Aid to Wildlife Restoration Fund.

The expenditure purposes of the Trust Fund would be prescribed in appropriation acts. This Trust Fund would be included in the trust fund chapter of the Internal Revenue Code.

Effective Date

The provisions of the bill would be effective with respect to taxes imposed after the date of the bill's enactment.

Revenue Effect

The bill would not affect overall receipts of the Federal Government.

Revenues received from the present tax on pistols and revolvers are estimated to be $32 million in fiscal year 1983 and $34 million in fiscal year 1984. Actual receipts in fiscal year 1982 were $30 million.

The following shows the present and projected excise tax revenues for the Federal Aid to Wildlife Restoration Fund (actual for fiscal year 1982 and projected for fiscal years 1983 and 1984).

	(Fiscal Years; millions of dollars)		
Tax source	1982	1983	1984
10-percent tax on pistols and revolvers	30	32	34
11-percent tax on other firearms and ammunition	65	84	91
11-percent tax on bows and arrows	8	8	9
Total	103	124	134